DECLINES IN VALUE AUTHORITATIVE CITATIONS REVIEW

The following provides the authoritative citations for the Decline in Value topic. In general, citations include Constitutional provisions, sections of the Revenue and Taxation Code, Property Tax Rules, Letters To Assessors, and legal annotations pertaining to the Decline in Value topic.

CITATION	DESCRIPTION
California Constitution	
article XIII A, §2(b)	Provides that the full cash value may be reduced to reflect substantial damage, destruction, or other factors causing a decline in value.
Revenue and Taxation Code	
§51(a)	Requires that real property subject to article XIIIA be annually assessed at the lower of factored base year value, or current market value as defined in §110.
§51(e)	Requires that once a taxable value has been enrolled recognizing that the current market value of a property has fallen below its factored base year value, a property's taxable value must be annually reviewed on the lien date to determine whether its then current market value is less than its factored base year value. The property must be annually reviewed until its current market value returns to the factored base year level.
§619(b)	The notice used by the assessor to advise assessees that their property's full value has increased over it full value for the prior year, must include a notification of hearings by the county board of equalization and an explanation of the stipulation procedure set forth in section 1607.
§619(c)	In cases where the increase in property value is due to a decline in value being partially or fully restored, the assessor's value notification to the taxpayer must include the factored base year value of the property.
§621	The assessor, with the approval of the board of supervisors, may provide the information required by Section 619, as published lists of assessments in newspapers or by posting the information on the assessor's website as an alternative to providing the information by U.S. mail.

CITATION	DESCRIPTION
§1603	Applications for a reduction in an assessment shall be filed within the period from July 2 to September 15, inclusive. If the taxpayer does not receive the notice of assessment at least 15 calendar days prior to this deadline, the taxpayer may file an application within 60 days of receipt of the notice of assessment. However, the application may be filed within 12 months following the month in which the taxpayer was notified if the taxpayer and the assessor stipulate that there was an error in the assessment as the result of the exercise of the assessor's judgment and a written stipulation as to the full cash value and assessed value is filed in accordance with section 1607.
§1607	If a written stipulation (signed by the assessor, county legal officer, and the person affected) setting forth the facts upon which the agreed reduction in value is premised is filed with the county board of equalization, the county board may accept the stipulation and change the assessed value or reject the stipulation and set/reset the application for reduction for hearing.
§4831	Any error or omission involving the exercise of a value judgment that arises solely from a failure to reflect a decline in value shall be corrected within one year after the making of the assessment that is being corrected.
Property Tax Rules	
Rule 461(e)	Declines in value, except those caused by disaster, require comparing land and improvement values as a total appraisal unit. Fixtures and other fixed machinery and equipment constitute a separate appraisal unit.
Rule 474	For petroleum refineries, land, improvements, and fixtures classified as improvements are rebuttably presumed to constitute a single appraisal unit, except when measuring declines in value caused by disaster, in which case land constitutes a separate appraisal unit. [See Property Tax Rules 468, 469, and 473 for additional information on the appraisal unit of mineral producing properties.]
LTA's	
79/39	Basic questions and answers about losses in value in light of article XIII A. *Note: Q. 5 (decline in value establishes new base year value) and Q's 10 and 11 (fixed M & E from Schedules B and C of the business property statement, and each year's acquisitions, are separate appraisal units) have been superseded – see LTA's 79/59 and 79/143.*
79/59	Decline-in-value and fixed machinery and equipment. The appraisal unit is all fixed equipment and fixtures at a particular site, regardless of year of acquisition or how reported on the business property statement.

CITATION	DESCRIPTION
79/143	Corrects LTA 79/39 Q. 5. The enrollment of a taxable value for fixtures that is lower than factored base year value does **NOT** create a new base year value, but rather requires annual comparison in subsequent years.
82/25	Base year values are to be continuously factored based on a statewide Consumer Price Index, not localized indicators. This factored value must be annually compared to current market. In any given year, market value may be lower or higher than the factored amount, but the lower of the two must be enrolled.
86/04	Fractional ownership interests should be treated separately when valuing for the first lien date enrollment; thereafter, ownership interests should be combined into a total unit for comparison.
86/36	Value declines occurring between purchase date and the next lien date should be recognized by enrolling the lower value on the regular roll as a decline in value.
92/24	Decline-in-value reviews should be proactively initiated by assessors.
92/63	The assessor has the same obligation to inventory and recognize declines in value as he or she does to capture reappraisable events. This responsibility does not mean he or she is required to annually appraise every assessable property.
93/71	Section 619 provides in part that assessees must be notified when values are restored on ensuing rolls.
95/54	Effective July 24, 1995, §4831(c) allows the assessor to use a roll correction to lower a taxable value in recognition of a declining value, if done within one year after making the assessment being corrected. (LTA 2011/051 supersedes the opinion expressed on page 3 of LTA 95/54 regarding the application of section 4831 to manufactured homes).
96/52	§51(e) was amended to provide that once the base year value of real property is lowered to reflect a decline in value, it must be annually reappraised until its market value once again exceeds the factored base year value.
2004/060	Annual increases. County of Orange v Renee M. Bezaire.
2009/024	New construction exclusion
2009/038	Errors in assessed values
2010/069	The final CCPI for 2011-12, pursuant to section 51(a)(1)(C), is 1**.00753**. The final inflation factors for years 1976-77 through 2009-10 are also listed.
2011/051	Effective January 1, 2012, Senate Bill 947 (Stats. 2011, ch. 351) amends

CITATION	DESCRIPTION
	Revenue and Taxation Code section 4831 to allow floating homes and manufactured homes to receive a decline in value after the roll has closed.
2012/053	*Guidelines for Active Solar Energy Systems New Construction Exclusion*
	Annotations
170.0090	See LTA 82/25.
850.0015	See LTA's 86/36 and 92/63.
850.0016	Property Tax Rule 461 specifies the proper appraisal units for measuring loss in value of a cable television.
850.0017	An orchard declining in value may receive a reduction on the roll if the full value of the appraisal unit to which the orchard belongs (trees/structures/land) is below the factored base year value of that unit.
850.0018	See LTA 92/24.
850.0019	Government regulation that reduces a property's value by limiting future income should result in a declining value assessment if a decline in income occurs, but a private lease agreement that has the same effect should not be recognized.
850.0020	In measuring declines in value, the assessor may use any approach that yields a reliable indicator of value.
850.0030	Rule 461(d) allows a loss in value to be enrolled when the market value of machinery and equipment as an appraisal unit falls below its factored base year value.
850.0031	If property declines in value below its new base year value after purchase but before the next lien date, that loss in value should be recognized on the next regular roll as a "Prop 8" value. The enrolled value should be annually reviewed.
850.0045	See LTA 93/71.
850.0080	See LTA 79/143.